

Message Text

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SUBJ: GOE CONFERENCE ON INVESTMENT HELD

REF: CAIRO 3339

1. GOE'S FIRST "CONFERENCE FOR ONGOING INVESTMENT PROJECTS," DESIGNED TO REVIEW PROGRESS OF EGYPTIAN EFFORT TO ATTRACT FOREIGN INVESTMENT AND DISCUSS CURRENT INVESTOR PROBLEMS, TOOK PLACE AT CAIRO FEBRUARY 14 UNDER AUSPICES OF GOE INVESTMENT AUTHORITY. CONFERENCE WAS ATTENDED BY SEVERAL HUNDRED PERSONS, INCLUDING REPRESENTATIVES OF FIRMS WITH INVESTMENT PROJECTS NOW OPERATING, UNDERWAY, OR PROPOSED, AND PRIMIN SALEM DELIVERED OPENING ADDRESS. DIPLOMATIC REPRESENTATIVES, PRESS CORPS AND GOE OFFICIALS CONCERNED WITH INVESTMENT PROCESS WERE ALSO PRESENT.

2. AFTER SALEM SPEECH, IN WHICH HE RECAPPED VARIOUS FIGURES RELATED TO GOE ECONOMY AND TO INVESTMENT LEVELS AND REITERATED GOE DESIRE ATTRACT FOREIGN CAPITAL AND EXPERTISE, MEETING BROKE UP INTO SEPARATE COMMITTEES, EACH DEALING WITH PARTICULAR SECTOR OF ECONOMY OR ASPECT OF INVESTMENT PROCESS. INDUSTRY, BANKING, TOURISM,
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HOUSING, AGRICULTURE AND FINANCE WERE COVERED. GOE OFFICIALS CONCERNED WITH THESE SPHERES OF ACTIVITY PARTICIPATED IN COMMITTEE SESSIONS AND RESPONDED TO QUESTIONS, COMMENTS AND COMPLAINTS FROM FLOOR. INVESTOR COMPLAINTS ABOUT TELEPHONE SERVICE, CUSTOMS DIFFICULTIES, GOVERNMENTAL IMPOSITION OF WAGE HIKES, FOREIGN EXCHANGE MATTERS, HIGH TARIFFS ON RAW MATERIALS AND INTER-

MEDIATE GOODS (WHICH WERE SAID TO MAKE PRODUCTION FOR EXPORT UNECONOMIC) AND PROBLEMS OF DEALING WITH PUBLIC SECTOR COMPANIES (QUALITY OF PRODUCTS AND RELIABILITY OF SUPPLY SAID BY MANY TO BE SERIOUSLY DEFICIENT).

3. AT CLOSE OF CONFERENCE, POINTS RAISED DURING SESSIONS WERE INCORPORATED INTO SERIES OF "RECOMMENDATIONS". THESE CALLED ON GOE TO: PREPARE SITES IN INDUSTRIAL PARKS, WHICH COULD BE LEASED AT NOMINAL RATES TO INVESTORS; RECONCILE CONFLICTING LAWS WHICH STILL IMPEDE INVESTMENT; IMPROVE ADMINISTRATION OF CUSTOMS; EXPAND TRAINING FACILITIES AND PROGRAMS TO PROVIDE READY SUPPLY OF SKILLED LABOR; PERMIT GREATER USE OF MOBILE RADIO SYSTEMS TO OVERCOME COMMUNICATIONS PROBLEMS. ENGLISH COPIES OF RESOLUTIONS BEING POUCHED TO DEPARTMENT, NEA/EGY.

4. MOST INVESTORS APPEAR TO HAVE BEEN IMPRESSED WITH EXERCISE AS INDICATION OF SERIOUSNESS WITH WHICH GOE IS APPROACHING PROBLEM OF ATTRACTING FOREIGN INVESTMENT AND EARNESTNESS OF GOVERNMENT'S DESIRE, EVEN IN FACE OF PAUCITY OF RESOURCES, TO REMOVE OBSTACLES WHICH STILL REMAIN. AS ILLUSTRATION, ONE COMPANY REP TOLD US THAT AFTER COMPLAINING IN COMMITTEE SESSION ABOUT A TELEPHONE COMMUNICATIONS PROBLEM, HE HAD BEEN REFERRED TO A SPECIFIC OFFICIAL IN MINISTRY OF COMMUNICATIONS WHO DEALT WITH " SUCH MATTERS. DURING BREAK IN SESSION, COMPANY REP WENT "T" UNCLASSIFIED

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TO SEE INDIVIDUAL NAMED AND ACTUALLY MADE SOME PROGRESS IN RESOLVING PROBLEM. HE WAS ABLE TO REPORT THIS POSITIVE DEVELOPMENT WHEN SESSION RECONVENED LATER IN DAY.

5. ONE CONCRETE ACTION TAKEN BY GOE AT CONFERENCE WAS ANNOUNCEMENT BY MININTERIOR OFFICIAL THAT FOREIGN INVESTOR AND THEIR FAMILIES HENCEFORTH CAN QUALIFY FOR THREE-YEAR RESIDENCE PERMITS IN EGYPT. ONE YEAR HERETOFORE WAS LEGALLY-ALLOWABLE LIMIT. THIS DECISION WAS GREETED WITH CONSIDERABLE APPROBATION BY ASSEMBLED BUSINESS REPRESENTATIVES. EILTS

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